

The Japan Rubber Futures Weekly Report:

11 Sep – 15 Sep 2023

Japan: PPI higher at +0.3% m/m and +3.2% y/y in Aug, Core Machinery Orders -13% y/y and Industrial Production -1.8% in July

Rubber Futures Report:

World rubber futures closed the week with a mixed performance across major exchanges. OSE rubber experienced a 1% gain, SHFE closed slightly higher, while INE decreased by 1% alongside a sharp drop in trading volume led by light profit-taking. SICOM rubber closed 2.5% higher, reflecting ongoing bullish market sentiment. After the recent rally, there have been some position adjustments in the rubber market, leading to an expectation of price consolidation as the market takes a breather. Commodity funds, which could be the primary buyers in both the SHFE and INE markets, have slowed down their pace but are maintaining their long positions. Following the recent interest rate cut by the PBOC, signs of a gradual economic recovery in China have injected some optimism into the market. China vehicle sales in August surged to 2,582,401 units, an increase of 195,469 units from the previous month, positively impacting rubber prices. Additionally, heavy rain and flooding were reported in the southern regions of China, including Guangzhou, Hong Kong, and Hainan, which may have contributed to recent buying trading flows. The recent surge in crude oil prices, driven by Saudi's decision to maintain reduced production following the OPEC+ meeting, has notably impacted prices of Butadiene, a key synthetic rubber material. Notably, NYMEX crude oil WTI closed above USD 91.00 per barrel. In other news, concerns about the geopolitical tensions following North Korean President Kim Jong Un's visit to Russia to meet with President Putin have been raised.

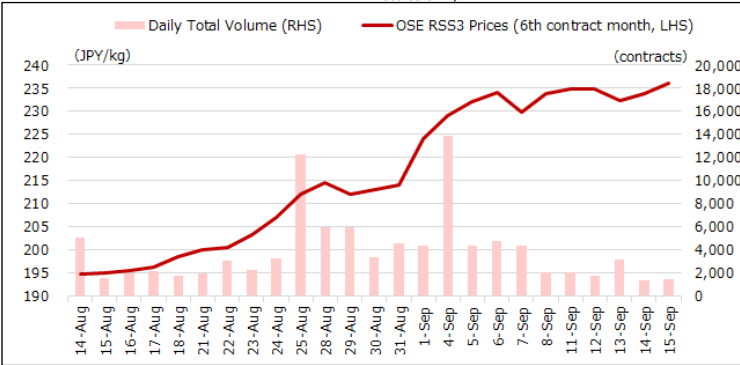
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX JRF	Last (THB)	Net
Sep 23	233.0	+0.9	SCR/RSS Jan 24	14,425	+25	Oct 23	143.8	+0.5	Jan 24	234.2	+5.2
Oct 23	229.2	+2.7	SCR/RSS May 24	14,310	-40	Nov 23	145.0	+2.5	Feb 24	237.5	+7.3
Nov 23	230.4	+2.7	Total Vol.	2,573,475	-1,584,569	Dec 23	145.4	+3.5	SHFE BR	Last (CNY)	Net
Dec 23	231.4	+2.6	Total OI	300,990	+8,919	Jan 24	145.6	+3.7	Jan 24	13,850	0
Jan 24	232.9	+1.3	INE TSR Nov 23	10,900	-115	Feb 24	145.8	+4.0	Feb 24	13,615	+15
Feb 24	236.0	+2.1	INE TSR Dec 23	10,840	-45	Mar 24	146.0	+4.2	Mar 24	13,495	-20
Total Vol.	9,718	-19,709	Total Vol.	723,023	-232,597	Total Vol.	69,069	-32,872	Total Vol.	1,126,399	-1,825,070
Total OI	10,311	+176	Total OI	140,549	-1,075	Total OI	68,765	-1,225	Total OI	192,852	-3,970

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCB



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 Aug)	9,213	-922
Shanghai SHFE Rubber Stocks (ton, 15 Sep)	234,194	+4,818
Shanghai INE Rubber Stocks (ton, 15 Sep)	68,343	-605
China Vehicle Total Sales (unit, 31 July 23)	2,386,932	-235,460
China Passenger Car Sales (unit, 31 July 23)	2,099,849	-167,972
China Commercial Car Sales (unit, 31 July 23)	287,083	-67,488
US Unemployment Rate (% Aug 23)	3.8	+0.3
US Non-Farm Payroll (Aug 23)	187,000	+30,000
Japan Unemployment Rate (% July)	2.5	-0.1
Japan Manufacturing PMI (July)	49.7	+0.1
Japan Tankan Large Manufacturing (2Q 23)	+5.0	+0.4
China Manufacturing PMI (Aug)	49.7	+0.4
China GDP 4Q (%)	+2.9	-1.0

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	147.85	+0.02
EUR/USD	1.0657	-0.0043
GBP/USD	1.2383	-0.0085
USD/CHF	0.8969	+0.0038
AUD/USD	0.6432	+0.0056
USD/CNY	7.2760	-0.0679
USD/INR	83.1813	+0.2363
USD/SGD	1.3636	-0.0021
USD/MYR	4.6830	+0.0060
USD/THB	35.718	+0.0060
USD/IDR	15,355.5	+28
USD/VND	24,247.5	+186.5

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	33,533.09	+926.25
TOPIX Japan	2,428.38	+69.36
Dow Jones US	34,618.24	+101.65
S&P 500 US	4,450.32	-7.17
Nasdaq US	13,708.33	-53.20
CSI 300 China	3,708.78	-31.21
Shanghai China	3,117.74	+1.02
HSI Hong Kong	18,182.89	-19.18
STI Singapore	3,280.69	+72.94
KLCI Malaysia	1,459.03	+4.08
SET Thailand	1,542.03	-5.14
IDX Indonesia	6,982.79	+58.01
VSE Vietnam	1,227.36	-14.12

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	33,280	+860
JPX TOPIX Dec 23	2,405.5	+65.0
JPX NK 400 Dec 23	21,650	+515
JPX TSE REIT Dec 23	1,866.0	-25.5
JPX NK 225 VI Oct 23	19.25	-0.70
JPX JGB 10 Year Dec 23	145.72	-0.52
JPX Gold 1 Kg Aug 24	9,085	-22
JPX Platinum Aug 24	4,300	+15
JPX Silver Aug 24	109.7	-0.2
JPX Palladium Aug 24	5,950	+50
JPX TSR20 Dec 23	212.0	+4.0
JPX Corn Sept 24	39,310	+250
JPX Dubai Crude Feb 24	81,630	+4,100

Source: JPX

Technical Analysis on the OSE Feb-2024 Contract:

OSE's Feb-2024 contract edged up by JPY 2.1, closing at 236.0 in relatively quiet trading. Trading volume declined significantly, making a two-thirds decrease compared to the previous week, with little change in the open interest. Market sentiment remained bullish despite the overbought condition of the 14-day RSI at 76%. The support levels will be 233.0 and 229.0, while the resistance levels will be 238.0 and 240.0. The price is currently in consolidation mode, and it's expected to trade sideways over the next couple of weeks within the range of 230-240 until market participants see indications of a decisive market trend.



Source: Bloomberg

Technical Analysis on the SGX SICOM Dec-2023 Contract:

SICOM's active Dec-2023 contract continued its bullish trend, gaining 3.5 cents and closing at 145.4 in another week of active trading. The average daily trading volume exceeded more than 13,800 contracts, with some instances of liquidation. Market sentiment remained bullish, though the 14-day RSI moved into overbought territory. The support levels will be 142.5 and 140.0, and the resistance levels will be 146.0 and 148.5. The forward prices showed a slight contango, indicating a relatively subdued market outlook in the medium term.



Source: Bloomberg

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